

CareFirst Disclosure Schedules
Agreement and Plan of Merger
November __, 2001

Section 4.11(b) Certain Contracts and Commitments

Free State has contractual risksharing arrangements in place with the medical management groups for the Commercial, Medicare and Medicaid contracts. The total outstanding receivable due Free State under these contracts as of January 31, 2001 was approximately \$23,325,295. There is an additional riskshare receivable of approximately \$6,029,629 for bankrupt/closed entities for which Free State is seeking recovery through legal means.

update

How is this
recorded in financial
statements?

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Section 4.12 Employee Plans; ERISA; Labor Matters

BENEFIT PLANS—RETIREMENT

<u>ERISA Plans-Retirement</u>	<u>Special Notes (as applicable)</u>
1. CareFirst of Maryland, Inc. Retirement Plan	Amended January 1, 1999, filed, awaiting determination letter
2. Group Hospitalization & Medical Services, Inc. Pension Trust Plan	Amended January 1, 1999, filed, awaiting determination letter
3. The CareFirst 401(k) Plan	Amended July 1, 1999, will file for determination letter by December 31, 2001
4. CareFirst, Inc. Supplemental Executive Retirement Plan	
5. CareFirst Executive Restoration Plan	
6. Group Hospitalization & Medical Services, Inc. Excess Benefit Plan	Frozen: no new participants
7. Group Hospitalization & Medical Services, Inc. Supplemental Executive Retirement Plan	Frozen: no new participants
8. Group Hospitalization & Medical Services, Inc. Top Hat Plan	Frozen: no new participants
9. Non-Contributory Retirement Plan for Certain Employees of BCBSD	See BCBSD- CareFirst Affiliation Agreement, Section 7.5 re "grandfathering."
10. BCBSD Supplemental Executive Retirement Plan I	
11. BCBSD Supplemental Executive Retirement Plan II	
12. BCBSD Supplemental Executive Retirement Plan III	

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Draft Dated as of November 14, 2001

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BENEFIT PLANS-EMPLOYEE WELFARE PLANS:

CareFirst Section 125 Cafeteria Plan (excluding BCBSD) includes: Medical Insurance, Dental Insurance, Vision Insurance, Group Term Life, Voluntary Life Insurance, Group Voluntary Accidental Death & Dismemberment Insurance, Voluntary Accidental Death & Dismemberment Insurance, Flexible Spending Accounts, Supplemental Long Term Disability

OTHER CAREFIRST (EXCLUDING BCBSD) BENEFITS:

1. Retiree Medical, Dental and Life Insurance
2. Paid Time Off and Purchased Paid Time Off
3. Short Term Disability
4. Tuition Reimbursement
5. Travel Insurance
6. Patuxent Medical Group, Inc. Medical Insurance
7. Patuxent Medical Group, Inc. Life Insurance
8. Patuxent Medical Group, Inc. Disability Insurance
9. Voluntary Lifestyle Benefits (Carebridge, Zurich)
10. CareFirst Severance Program
11. Employee Assistance Program
12. Dependent Life Insurance
13. Supplemental Long Term Disability

Please add more detail

CAREFIRST PENSION PLANS:

All CareFirst Pension Plans may not be fully funded on a termination basis based on the current estimated fair market value of the assets of such Plans and on the interest rates used in the calculation thereof. The most recent actuarial valuation of the CareFirst Pension Plans at January 1, 2001 has been provided to Purchaser and reflects the funding status of the Plans at such date.

ADDITIONAL AGREEMENTS:

1. Four BCBS-NCA Executive Term Life Insurance Policies
2. Board of Directors Benefit Plan
3. Medical Benefit Arrangements for the Becker Group
4. Supplemental Executive Retirement Payments for three former Maryland executives

BCBSD EMPLOYEE WELFARE BENEFIT PLANS:

1. Non-Contributory National Long Term Disability Program
2. Group Life Insurance Program (See note)
3. Travel Accident Program

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4. Educational Assistance Program
5. Group Dental Insurance Program (Dental Care)
6. Dental Health Plus Dental Benefit Program
7. Employee Assistance Program
8. Cafeteria Program
9. Health Care Spending Account Program
10. Severance Pay Program
11. Group Health Insurance Program (POS) (See note)
12. Group Health Insurance Program (CMM 250) (See note)
13. Group Health Insurance Program (CMM 200) (See note)
14. Special Medicfill Health Insurance Program (See note)
15. Adoption Assistance Program
16. Supplemental Life Insurance (See footnote 1)
17. Dependent Life Insurance (See footnote 1)
18. Flexible Spending Accounts

NOTE See BCBS-D-CareFirst Affiliation Agreement, Section 7.5 re "grandfathering."

EMPLOYMENT AGREEMENTS:

Please provide a copy.

1. CareFirst, Inc.; BCBS-NCA; BCBS-MD:
William L. Jews, David Wolf, Gregory Devou, John Picciotto, G. Mark Chaney, Leon Kaplan, Sharon Vecchioni, Michael Felber
2. The Michelsen Group, Inc.:
W. James Michelsen
3. Patuxent Medical Group Physicians (Original & Non-Original):
BCBS-MD has employment agreements with both the Original and Non-Original Physicians associated with Patuxent Medical Group. Under the agreements with the Original Physicians, these physicians are entitled to assurances from any purchaser that a purchaser will take subject to these contracts and guarantee their performance.
4. Potomac Physicians: We have employment agreements with the physicians associated with Potomac Physicians, P.A.
5. BCBSD: Paul King, Christine Alrich, William Kirk, Peggy Mitchell, Paul Kaplan, M.D., Thomas Pruitt, John Castigliano, M.D., Ralph Crouch, Robert Reed, Jerry Icenogle, Manuel Juarez, William Eaton, William Wyer

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STOCKHOLDER AGREEMENTS-POTOMAC PHYSICIANS:

1. Daniel Winn, M.D.
2. Carol Reynolds-Freeman, M.D.
3. Roberta Braun, M.D.
4. Yvette Oquendo, M.D.

CHANGE OF CONTROL AGREEMENTS - CAREFIRST, BCBS-MD AND BCBS-NCA:

1. Booker Carter
2. Tom Rekart

CareFirst Severance Agreements: As of October 30, 2001, CareFirst is obligated to make aggregate severance payments of approximately \$1,334,927 to approximately 20 persons.

CAREFIRST INCENTIVE PLANS (EXCLUDING BCBSD):

1. Sales
2. PMG Original Physician—Financial
3. PMG Original Physician—Service
4. Executive Long Term Incentive Plan
5. Annual Management Incentive Plan
6. Annual Associate Incentive Plan
7. CareFirst Administrators Productivity Pay Plan
8. Casci Productivity Pay Plan

BCBSD INCENTIVE PLANS:

1. All Associate Incentive Program
2. Director Incentive Program
3. Officer Annual Incentive Program
4. Officer Long Term Incentive Program
5. Sales / Marketing Incentive Program
6. Brokerage Manager Incentive Program
7. Quest for Quality Awards
8. FEP Incentive Program (Customer Service, Claims and Marketing)
9. Society of Actuaries Incentive Program

MATERIAL LOAN AGREEMENTS OR NOTES:

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- why are these here?*
1. Amended and Restated Credit Agreement, dated December 31, 1998, as amended, by and among SunTrust Bank (f/k/a Crestar Bank), Group Hospitalization and Medical Services, Inc., CareFirst of Maryland, Inc. and CFS Health Group, Inc.
 2. Note payable by BCBS-NCA to BCS Plan Investors Corporation. *What's this?*

CAREFIRST CONTRIBUTIONS AND SELF-INSURED ARRANGEMENTS

1. CareFirst contributes to all of its employee benefit plans with the exception of the following (which are paid for by the employees):

CareFirst (excluding BCBSD):

- Voluntary Life Insurance
- Dependent Life Insurance
- Voluntary Accidental Death & Dismemberment Insurance
- Flexible Spending Accounts (however, CareFirst has to prefund these accounts until the employees pay the money in through payroll deduction throughout the plan year)
- Purchased Paid Time Off
- Voluntary Lifestyle Benefits
- Supplemental Long Term Disability

BCBSD:

- Supplemental Life Insurance
- Dependent Life Insurance
- Flexible Spending Accounts

2. The following plans are self-insured or are paid out of general assets:

CareFirst (excluding BCBSD):

- Medical Coverage (PHN, CareFirst BlueChoice, Inc., Point of Service)
- Dental Coverage
- Vision Coverage
- Flexible Spending Accounts (to the extent not reimbursed due to associate terminations)
- Short Term Disability
- Severance
- Tuition Reimbursement

BCBSD:

- Severance

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- Educational Assistance
- Employee Assistance Plan
- Adoption Assistance
- All health options

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Section 4.12(f) Employee Plans: ERISA: Labor Matters

CareFirst is drafting The PMG Physician Welfare Plan summary plan description and expects to complete it by April 1, 2002.

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Section 4.12(b)(iii) Employee Plans: ERISA; Labor Matters

CareFirst's qualified pension plans cannot be terminated in 30 days. While CareFirst's welfare benefit plans can generally meet the 30 day timeframe, there could be payment "run-out" after the 30 day period.

Also, while CareFirst Pension Plans may be terminated, contracts by which the Plans are administered or funded may require longer than 30 days notice, and early termination may generate fees or penalties.

*Please provide
more specificity -*

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Section 4.12 (j)(I) Employee Plans; ERISA; Labor Matters

Applications for the BCBS-NCA and BCBS-MD pension plan determination letters have been filed with the IRS and are pending. An application for the CareFirst 401(k) Plan determination letter will be filed after additional amendments to the Plan are approved in 2001.